

**ASSEMBLY BILL**

**No. 2061**

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**Introduced by Assembly Member Carter**

February 18, 2010

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An act to amend Section 399 of the Public Utilities Code, relating to energy.

LEGISLATIVE COUNSEL'S DIGEST

AB 2061, as introduced, Carter. Electric service: investments.

The Reliable Electric Service Investments Act declares the intent of the Legislature to reaffirm, without requiring revision, California's doctrine, as reflected in regulatory and judicial decisions, regarding electrical corporations' reasonable opportunity to recover costs and investments associated with their electric distribution grid and the reasonable opportunity to attract capital for investment on reasonable terms. The act makes related legislative declarations.

This bill would make a technical, nonsubstantive change to these provisions.

Vote: majority. Appropriation: no. Fiscal committee: no.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. Section 399 of the Public Utilities Code is
- 2 amended to read:
- 3 399. (a) This article shall be known, and may be cited, as the
- 4 Reliable Electric Service Investments Act.

1 (b) The Legislature finds and declares that safe, reliable electric  
2 service is of utmost importance to the citizens of this state, and its  
3 economy.

4 (c) The Legislature further finds and declares that in order to  
5 ensure that the citizens of this state continue to receive safe,  
6 reliable, affordable, and environmentally sustainable electric  
7 service, it is essential that prudent investments continue to be made  
8 in all of the following areas:

- 9 (1) To protect the integrity of the electric distribution grid.  
10 (2) To ensure an adequately sized and trained utility workforce.  
11 (3) To ensure cost-effective energy efficiency improvements.  
12 (4) To achieve a sustainable supply of renewable energy.  
13 (5) To advance public interest research, development and  
14 demonstration programs not adequately provided by competitive  
15 and regulated markets.

16 (d) It is the intent of the Legislature to ~~reaffirm~~ *affirm*, without  
17 requiring revision, California's doctrine, as reflected in regulatory  
18 and judicial decisions, regarding electrical corporations' reasonable  
19 opportunity to recover costs and investments associated with their  
20 electric distribution grid and the reasonable opportunity to attract  
21 capital for investment on reasonable terms.

22 (e) The Legislature further finds and declares all of the  
23 following:

24 (1) Acting under applicable constitutional and statutory  
25 authorities, the Public Utilities Commission and the boards of local  
26 publicly owned electric utilities have included in regulated  
27 electricity prices; investments that are essential to maintaining  
28 system reliability, reducing California electricity users' bills, and  
29 mitigating environmental costs of California users' electricity  
30 consumption.

31 (2) Among the most important of these "system benefits"  
32 investments categories are energy efficiency, renewable energy,  
33 and public interest research, development and demonstration  
34 (RD&D).

35 (3) Energy efficiency investments funded from California's  
36 usage-based charges on electricity distribution help improve  
37 systemwide reliability by reducing demand in times and areas of  
38 system congestion, and at the same time reduce all California  
39 electricity users' costs. These investments also significantly reduce  
40 environmental costs associated with California's electricity

1 consumption, including, but not limited to, degradation of the  
2 state's air, water, and land resources.

3 (4) California's in-state renewable energy resources help  
4 alleviate supply deficits that could threaten electric system  
5 reliability, reduce environmental costs associated with California's  
6 electricity consumption, and increase the diversity of the electricity  
7 system's fuel mix, reducing electricity users' exposure to fossil-fuel  
8 price volatility.

9 (5) California's public interest RD&D investments enhance  
10 private and regulated sector investment in electricity system  
11 technologies, and are designed specifically to help ensure sustained  
12 improvement in the economic and environmental performance of  
13 the distribution, transmission, and generation and end-use systems  
14 that serve California electricity users.

15 (6) California has established a long tradition of recovering  
16 system benefits investments through usage-based electricity  
17 charges, which is reflected in at least two decades of electricity  
18 price regulation by the commission, the boards of local publicly  
19 owned electric utilities, and the mandate of the Legislature in  
20 Chapter 854 of the Statutes of 1996 (Assembly Bill 1890 of the  
21 1995–96 Regular Session of the Legislature) and Chapter 905 of  
22 the Statutes of 1997 (Senate Bill 90 of the 1997–98 Regular Session  
23 of the Legislature).

24 (7) Unless the Legislature acts to extend the mandate of this  
25 article for minimum levels of usage based system benefits charges,  
26 California electricity users are at substantial risk of higher  
27 economic and environmental costs and degraded reliability.